

Message Text

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ACTION AF-08

INFO OCT-01 ISO-00 TRSE-00 EB-07 XMB-02 SP-02 AID-05

NSC-05 CIEP-01 SS-15 STR-04 OMB-01 CEA-01 CIAE-00

COME-00 FRB-03 INR-07 NSAE-00 OPIC-03 LAB-04 SIL-01

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FM AMEMBASSY KINSHASA

TO SECSTATE WASHDC IMMEDIATE 0101

C O N F I D E N T I A L KINSHASA 8746

DEPT PASS EXIMBANK, TREASURY

E.O. 11652: GDS

TAGS: EFIN, CG

SUBJECT: ZAIRE RECOVERY PROGRAM

REF: STATE 257917

1. TO CONFIRM WHAT WAS REPORTED VIA PHONE OCTOBER 15, SAMBWA TOLD US BEFORE HE LEFT THAT HE HAD GOTTEN PRESIDENT MOBUTU'S APPROVAL TO PROCEED WITH THE FRIEDMAN PLAN. FROM WHAT SAMBWA TOLD US, MOBUTU'S APPROVAL SPECIFICALLY INCLUDES HIS AGREEMENT TO ACCEPT STRENGTHENED PERFORMANCE CRITERIA UNDER THE IMF STABILIZATION PROGRAM.

2. REFTTEL DOES NOT CONFIRM IMF UNDERSTANDING OF THE SCENARIO. WE UNDERSTAND THAT TEMPLESMAN WILL BE HOSTING A DINNER TO BRING SAMBWA AND IMF REP (PRESUMABLY RUSSO) TOGETHER IN NEW YORK EVENING OF OCT 20. SAMBWA TOLD US THAT THE FUND WAS ON BOARD, BUT IT WOULD BE USEFUL TO KNOW IF THIS IS THE CASE.

3. RE OUR BILATERAL. WE THOUGHT THAT IF THE FRIEDMAN PLAN, OR SOME VARIANT, WERE PUT INTO EFFECT THE OVERALL STRUCTURE OF THE DEBT PROBLEM MIGHT CHANGE TO A DEGREE WHICH WOULD REQUIRE A BASIC

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RENEGOTIATION OF THE PARIS CLUB ACCORDS. IN ANY EVENT, WE HAVE

HAD INCREASING DOUBTS THAT THE GOZ CAN LIVE UP TO THE JUNE PARIS CLUB ACCORDS AND, IF IT CANNOT, SEE LITTLE SENSE IN NEGOTIATING A BILATERAL BASED THEREUPON. WHAT DOES SEEM TO MAKE SENSE IS TO HOLD OFF UNTIL WE SEE WHAT COMES OUT OF THE CURRENT MEETINGS WITH THE PRIVATE BANKERS.

4. THE ZAIRIANS SEEM TO BE IN NO HURRY TO CONCLUDE BILATERALS. IF THE DEPARTMENT CHECKS WITH THE IMF, WE BELIEVE IT WILL FIND THAT THE FUND INTENDS TO COME TO ZAIRE ON NOVEMBER 10 TO WORK OUT A REFORMULATED STABILIZATION PROGRAM AND TO HELP ZAIRE FORMULATE NEW STRATEGY FOR A PARIS CLUB MEETING TO BE HELD IN DECEMBER.

5. WE CAN, OF COURSE, CARRY OUT THE INSTRUCTIONS IN PARA 9 OF STATE 253403 -- BUT WITH SAMBWA AND BOFOSSA BOTH OUT OF TOWN WE WILL BE REDUCED TO LOW-RANKING OFFICIALS. MUCH BETTER, WE THINK, IF THE DEPARTMENT ASKS SAMBWA TO COME TO WASHINGTON AFTER THE CURRENT NEW YORK MEETING (A) TO GET A READ OUT ON WHAT HAPPENED WITH THE BANKERS AND (B) TO DISCUSS PARIS CLUB AND OUR BILATERAL.
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